

## Article - Transportation

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§3–103.

(a) (1) In this section the following words have the meanings indicated.

(2) “Bonds” means bonds, notes, or other evidences of obligation issued by the Department, including both consolidated transportation bonds and county transportation bonds.

(3) “Code” means the Internal Revenue Code and includes regulations and rulings issued under that Code.

(4) “Proceeds” means moneys received from the sale of the Department’s bonds, and includes any moneys deemed to be proceeds of the Department’s bonds under the Code.

(b) The Secretary, the Treasurer, and the Comptroller shall establish and maintain funds and accounts for the administration, management, investment, and accounting of proceeds, including any investment earnings on proceeds, that may be necessary or appropriate from time to time to comply with the Code and to establish or maintain the exclusion from gross income for federal income tax purposes of interest on the Department’s bonds.

(c) (1) The Secretary and the Treasurer shall manage and invest proceeds, including any investment earnings on proceeds, in a manner so as to maintain the exclusion from gross income for federal income tax purposes of interest on the Department’s bonds.

(2) The Secretary and the Treasurer shall restrict the yields on investments of proceeds if and to the extent necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Department’s bonds.

(d) The Secretary, the Treasurer, and the Comptroller shall prepare and maintain records of the receipt, deposit, investment, management, disbursement, and application of proceeds, including any investment earnings on proceeds, that may be necessary or appropriate from time to time to comply with the Code and to maintain or verify the exclusion from gross income for federal income tax purposes of interest on the Department’s bonds.

(e) (1) The Secretary, the Treasurer, and the Comptroller shall establish a separate rebate fund to be used to make any payments to the United States with respect to investment earnings on proceeds that may be required from time to time by the Code.

(2) There may be separate accounts within the rebate fund.

(3) Amounts deposited to the rebate fund shall be used only for the purpose

of making rebate payments to the United States.

(4) The Secretary, the Treasurer, and the Comptroller shall make payments from the rebate fund as may be required from time to time in order to comply with the Code and to maintain the exclusion from gross income for federal income tax purposes of interest on the Department's bonds.

(5) Any excess moneys held in the rebate fund with respect to an issue of the Department's bonds after all required rebate payments for that issue have been made, as certified by the Secretary and the Treasurer, shall be applied in compliance with the Code.

(f) The Secretary, the Treasurer, and the Comptroller shall prepare and file from time to time with the appropriate agency of the United States any forms, information, and reports with respect to the Department's bonds and the expenditure and investment of proceeds that may be required under the Code.

(g) As necessary or appropriate from time to time to comply with the Code and to establish or maintain the exclusion from gross income for federal income tax purposes of interest on the Department's bonds, the Secretary, the Treasurer, and the Comptroller shall each:

(1) Take any other or further actions;

(2) Enter into any agreement or covenant regarding the use of proceeds, including any investment earnings on proceeds, the deposit of moneys to the rebate fund and the making of rebate payments; and

(3) Provide certifications of facts and estimates.

(h) This section does not prevent the Board of Public Works and the Department from authorizing the issuance and sale of the Department's bonds the interest on which is not excludable from gross income for federal income tax purposes.

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